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Zimbabwe

Tobacco and Products

Update

2000

Approved by:

Richard Helm

U.S.Embassy, South Africa

Prepared by:

Norman Grierson

Report Highlights:

In 2000, tobacco again came to the rescue of the Zimbabwean economy. After the final sales of one of the best crops on record, income amounted to about US\$400 million, 20% more than in 1999. This was achieved in spite of a slight decrease in average price.

Unfortunately the prospects for 2001 are not that favorable, production is expected to drop as a result of the farm instability and shortages of electricity, fuel and credit.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1], RH

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Executive Summary

Although Zimbabwe's economic situation is bleak, tobacco was a surprisingly positive note this year. In the final weeks of the 2000 sales prices and volumes turned out far better than expected. At US\$ 400 million, total tobacco earnings were about 20% above 1999, despite a slight fall in the average price. Prices received for flue cured in MY 2000 were similar to last year but those for Burley showed some decline in US\$ terms. Sales volumes were up by almost 25% in spite of the disruptions caused by the farm invasions. In total this means an increase of about US\$ 100 million in Zimbabwe's export earnings.

Both Burley and flue cured tobacco production showed considerable expansion during MY 2000. However, in spite of indications of firmer international prices in 2001, Zimbabwe is unlikely to benefit. Due to the current political uncertainties, shortages of fuel, electricity and financing, and the high inflation rate (+ 60% per annum) it is expected that production of both these crops will decline in MY 2001. Output is likely to slump by about a 25% leading to a US\$ 150 million fall in earnings.

Exchange rates:	11/04/98	30/06/98	16/10/98
US\$ 1 =	Z\$ 16.12	Z\$ 17.98	Z\$ 32.00
	11/04/99	30/06/99	16/10/99
	Z\$ 38.15	Z\$ 37.97	Z\$ 37.95
	31/04/2000	30/06/2000	31/10/2000
	Z\$ 38.50	Z\$ 38.50	Z\$ 55.00

Tobacco, Unmanufactured, Total:

Production Table						
	Area Planted			Production		
	Hectare			Metric Tons		
	1999	2000	2001	1999	2000	2001
Burley	6724	7400	6900	6751	8200	5300
DAS	0	0	0	0	0	0
DAC	0	0	0	0	0	0
DFC	0	0	0	0	0	0
Flue cured	81152	78000	74000	192145	235000	170000
LAC	0	0	0	0	0	0
Oriental	410	430	410	31	39	35
TOTAL	88286	85830	81310	198927	243239	175335

Rains for the summer of 1999/2000 were generally above average for most of the tobacco growing areas. The prolonged dry spell during December 1999 greatly enhanced flue cured yields while the late rains during February/March 2000 assisted the curing of the Burley crop. The favorable conditions led to record yields. Losses suffered during Cyclone Eline, which struck the eastern part of the country during February 2000, are estimated at 1,000 MT of Burley.

Total unmanufactured tobacco production in MY 2000 is estimated at 243,239 MT, up from 198,927 MT in MY 1999. Output is expected to decline to 175,335 MT in MY 2001. The 5% reduction in the area planted will unfortunately be on some of the most productive commercial farms explaining the 28% decline in production expected. The decline is due to farm invasions prohibiting production, and fuel, electricity and finance shortages. Commercial banks are reluctant to finance the crops in the unstable political situation.

Flue cured tobacco production is estimated to have reached 235,000 MT in MY 2000, up from 192,145 MT in MY 1999. The crop forecast for MY 2001 is 170,000 MT.

Burley production in MY 2000 was 8,200 MT, up from 6,751 MT in MY 1999 and 8,034 MT in MY 1998.

With nearly all farm dams full at the end of the 1999/2000 summer rainfall season, the irrigated portion of production is expected to increase in 2001, slightly exceeding the 2000 level.

PSD Table						
Country:	Zimbabwe					

Commodity:	Tobacco, Unmfg.					
	1999		2000		2001	
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	88286	88286	85850	85830	0	81310
Beginning Stocks	98823	98823	50818	50818	0	60869
Farm Sales Weight Prod	198927	198927	227245	243239	0	175535
Dry Weight Production	170910	170910	195298	208988	0	150865
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	45	60	45	45	0	45
TOTAL Imports	45	60	45	45	0	45
TOTAL SUPPLY	269778	269793	246161	259851	0	211779
Exports	215744	215744	174500	195977	0	151595
Dom. Leaf Consumption	3171	3171	3173	2960	0	2960
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	45	60	45	45	0	45
TOTAL Dom. Consumption	3216	3231	3218	3005	0	3005
TOTAL Disappearance	218960	218975	177718	198982	0	154600
Ending Stocks	50818	50818	68443	60869	0	57179
TOTAL DISTRIBUTION	269778	269793	246161	259851	0	211779

Total un-manufactured tobacco production in MY 2000 is estimated at 243,239 MT, up from 198,927 MT in MY 1999. It is expected to decline to 175,535 MT in MY 2001. To date, 96,116 tonnes of un-manufactured tobacco have been exported, which means that considerable volumes of tobacco are still to be moved.

Flue Cured Tobacco

Production Table						
Country:						
Commodity:	Flue Cured					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	81152	81152	78000	78000	0	74000
Beginning Stocks	96147	96147	47761	47761	64621	57766
Farm Sales Weight Prod	192145	192145	220000	235000		170000
Dry Weight Production	165821	165821	189860	202805	0	146710
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	261968	261968	237621	250566	64621	204476
Exports	211207	211207	170000	190000	0	147000
Dom. Leaf Consumption	3000	3000	3000	2800	0	2800
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	3000	3000	3000	2800	0	2800
TOTAL Disappearance	214207	214207	173000	192800	0	149800
Ending Stocks	47761	47761	64621	57766	64621	54676
TOTAL DISTRIBUTION	261968	261968	237621	250566	64621	204476

Flue cured tobacco production is estimated to have reached 235,000 MT in MY 2000, up from 192,145 MT in MY 1999. The crop expected in MY 2001 is 170,000 MT. The price (per kg) received for flue cured in MY 1999 is Z\$ 81.00 (US\$ 1.70), up from Z\$ 66.28 (US\$ 1.70) in MY 1999 and Z\$ 37.74 (US\$ 1.72) in MY 1998. Selling of the 2000 crop was completed recently. The unusually long selling season has been necessitated by difficulties of farmers delivering their crops to the auction floors before the elections and to the unusually large size of the crop.

With the rains of the summer of 1999/2000 again above average, the quality of the flue cured crop sold in MY 2000 was similar to that of MY 1999. There was a wide range of qualities and styles. Z. Dollar prices received during the early part of the selling season were poor, mainly due to the refusal by GOZ to devalue the local currency. Following the election in June 2000 and subsequent devaluation of the currency, prices picked up considerably. The devaluation of the Z\$ in mid 2000 assisted producers in keeping up with inflation, currently averaging 60% per annum.

Target production for MY 2001 is 170,000MT. While the area being planted is being reduced due to political uncertainty and economic conditions, the crop is expected to yield 2 300kg per hectare, given a reasonable season. GOZ reduced the levy imposed on tobacco sales to 5% in MY 2000, to be split equally between producers and buyers. The traders and producers are optimistic that this levy will finally be removed in the budget to be presented in late November, 2000.

Burley Tobacco

Production Table						
Country:						

Commodity:	Burley					
	1999		2000		2001	
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	6724	6724	7400	7400	0	6900
Beginning Stocks	2675	2675	3057	3057	3813	3100
Farm Sales Weight Prod	6751	6751	7200	8200	0	5300
Dry Weight Production	5063	5063	5400	6150	0	4125
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	7738	7738	8457	9207	3813	7225
Exports	4537	4537	4500	5977	0	4595
Dom. Leaf Consumption	144	144	144	130	0	130
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	144	144	144	130	0	130
TOTAL Disappearance	4681	4681	4644	6107	0	4725
Ending Stocks	3057	3057	3813	3100	3813	2500
TOTAL DISTRIBUTION	7738	7738	8457	9207	3813	7225

Burley production in MY 2000 was 8,200 MT, up from 6,751 MT in MY 1999 and 8,034 MT in MY 1998. The quality of the crop was good due to the high moisture levels during curing but there was also a significant loss due to mold. The price (per kg) received in MY 2000 was Z\$ 40.25 (US\$ 0.91) down from Z\$ 50.71 (US\$ 1.33) in MY 1999 but up from Z\$ 2.08 (US\$ 1.32) in MY 1998. The reduction in prices is likely to push the crop down to 5,500 ton in MY 2001.

Oriental Tobacco

Production Table						
Country:						
Commodity:	Oriental					

	1999		2000		2001	
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	410	410	450	430	0	410
Beginning Stocks	1	1	0	0	8	3
Farm Sales Weight Prod	31	31	45	39	0	35
Dry Weight Production	26	26	38	33	0	30
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	27	27	38	33	8	33
Exports	0	0	0	0	0	0
Dom. Leaf Consumption	27	27	30	30	0	30
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	27	27	30	30	0	30
TOTAL Disappearance	27	27	30	30	0	30
Ending Stocks	0	0	8	3	8	3
TOTAL DISTRIBUTION	27	27	38	33	8	33